

Memo

To: Dale Pratt
From: Leila McCamey
CC: Blaine Nickeson, Nate Reinhard
Date: February 23, 2024
Re: Request for financing approval for Arlington Park Apartments roof replacement

Comments: Financial Services is requesting approval to finance \$5,635,000 for the roof replacement at Arlington Park Apartments. The Board of Trustees provided approval to move forward with the project in the June 2023 board meeting. Construction is scheduled to begin in late February and be completed prior to the start of Fall 2024 semester.



Comparison between financing options

5-Year Comparison	
Compound Interest Earned	
Present Value	5,635,000
Interest Rate ⁽¹⁾	3.08%
Term (years)	5
Compounding Period	Monthly
Future Value	0
Total Interest Earned	418,432
Compound Interest Paid	
Loan Amount	5,635,000
Interest Rate ⁽²⁾	4.87%
Term (years)	5
Compounding Period	Quarterly
Total Payments	6,305,812
Total Interest Paid	670,812
Net Difference	252,380
Closing Costs	84,525
Total Cost Over 5 Years	\$ 336,905

7-Year Comparison	
Compound Interest Earned	
Present Value	5,635,000
Interest Rate ⁽¹⁾	3.08%
Term (years)	7
Compounding Period	Monthly
Future Value	0
Total Interest Earned	582,760
Compound Interest Paid	
Loan Amount	5,635,000
Interest Rate ⁽²⁾	4.87%
Term (years)	7
Compounding Period	Quarterly
Total Payments	6,603,461
Total Interest Paid	968,461
Net Difference	385,701
Closing Costs	84,525
Total Cost Over 7 Years	\$ 470,226

Net difference between 5 and 7 year payments \$ 133,322

(1) Actual interest rate for December 2023 is 4.17%. The rate used here for illustration is the average of the most recent 18 months earned through UNC's account with the State Treasury.

(2) Fixed interest rate quoted as of January 31, 2024 and is subject to change
Closing costs equal 1.5% of principal (\$84,525 on \$5.635m)

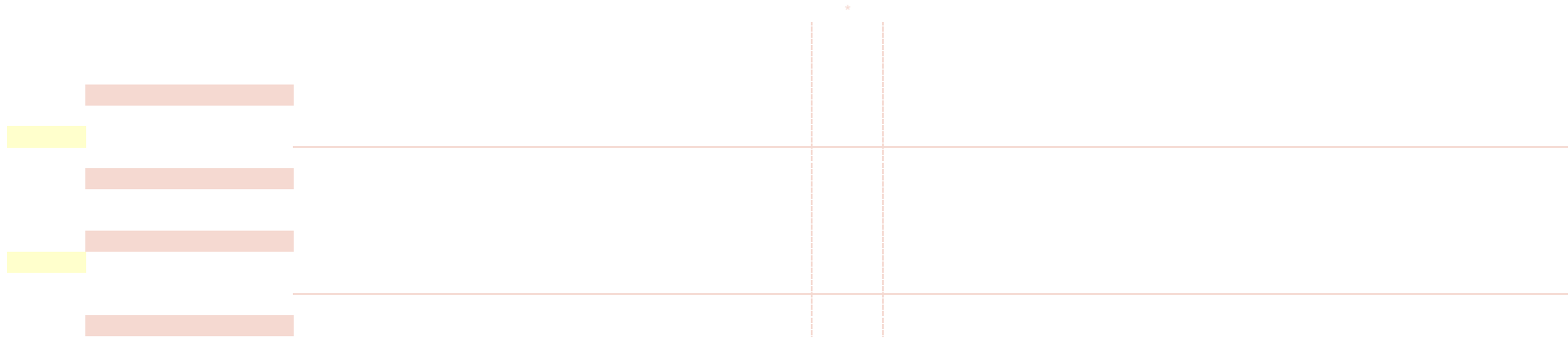


5-Year Term

Month	5/1/2024	6/1/2024	7/1/2024	8/1/2024	9/1/2024	10/1/2024	11/1/2024	12/1/2024	1/1/2029	2/1/2029	3/1/2029	4/1/2029
Period	1	2	3	4	5	6	7	8	57	58	59	60
Beginning Cash	\$ 5,635,000	\$ 5,635,000	\$ 5,635,000	\$ 5,635,000	\$ 5,635,000	\$ 5,635,000	\$ 5,635,000	\$ 5,635,000	\$ 5,635,000	\$ 5,635,000	\$ 5,635,000	\$ 5,635,000
Cash UNC Cash Balance	5,635,000	5,334,013	5,347,704	5,361,429	5,059,740	5,072,727	5,085,747	4,783,350	59,574	59,727	(252,380)	(252,380)
Cash Outlay	(315,450)	0	0	(315,450)	0	0	(315,450)	0	0	(312,259)	0	0
3.08% Interest Earned	14,463	13,691	13,726	13,761	12,987	13,020	13,053	12,277	153	153	0	0
UNC Cash Balance	5,334,013	5,347,704	5,361,429	5,059,740	5,072,727	5,085,747	4,783,350	4,795,628	59,727	(252,380)	(252,380)	(252,380)
Cumulative Interest Earned	\$ 14,463	\$ 28,154	\$ 41,880	\$ 55,641	\$ 68,627	\$ 81,647	\$ 94,701	\$ 106,978	\$ 418,279	\$ 418,432	\$ 418,432	\$ 418,432
Financing Financed Principal Balance	\$ 5,635,000	\$ 5,319,550	\$ 5,319,550	\$ 5,319,550	\$ 5,068,865	\$ 5,068,865	\$ 5,068,865	\$ 4,815,129	\$ 308,503	\$ 308,503	\$ (0)	\$ (0)
4.87% Interest Pmt	0			64,766			61,713			3,756		
Principal Pmt	315,450			250,685			253,737			308,503		
Ending Balance	5,319,550	5,319,550	5,319,550	5,068,865	5,068,865	5,068,865	4,815,129	4,815,129	308,503	(0)	(0)	(0)
Cumulative Interest Paid	\$ -	\$ -	\$ -	\$ 64,766	\$ 64,766	\$ 64,766	\$ 126,479	\$ 126,479	\$ 667,056	\$ 670,812	\$ 670,812	\$ 670,812

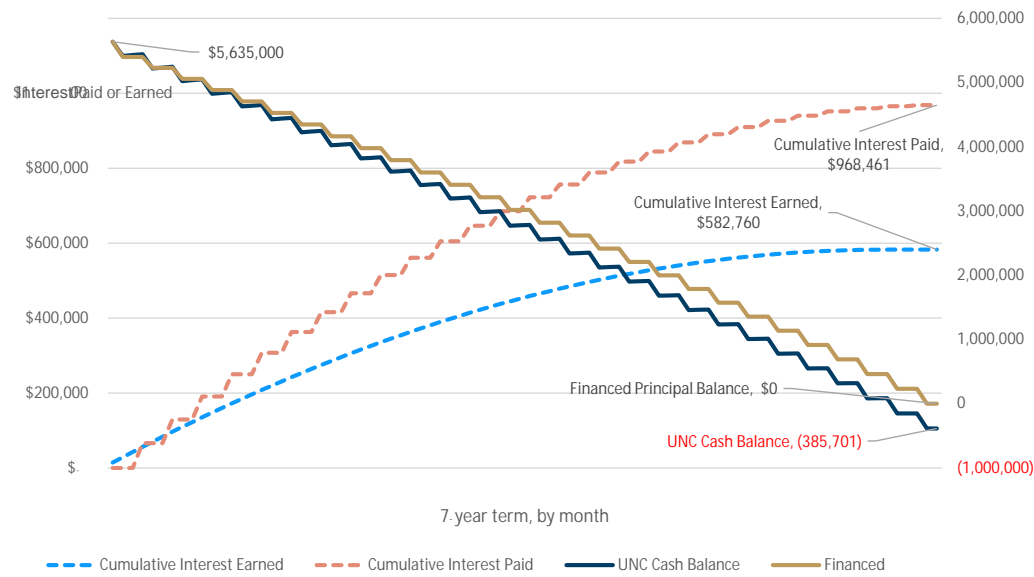


Calculation by period of interest earned on cash versus interest expense accrued through financing



7-Year Amortization Interest Comparison

Net Cost of Financing \$ (385,701)





Loan Amortization Schedule - 5-Year Term

Loan Information	
Loan Amount	5,635,000.00
Annual Interest Rate	4.87%
Term of Loan in Years	5
First Payment Date	5/1/2024
Payment Frequency	Quarterly
Compound Period	Quarterly
Payment Type	Beginning of Period
Rounding	On

Summary	
Rate (per period)	1.218%
Total Payments	6,305,811.69
Total Interest	670,811.69
Est. Interest Savings	-

Quarterly Payment **315,450.12**
 Annual payments 1,261,800.47

Lease Rate Factor/Index Rate 0.0559805
 Quarterly Pmt 315,450.12

Amortization Schedule

No.	Due Date	Payment Due	Additional Payment	Interest	Principal	Balance
						5,635,000.00
1	5/1/24	315,450.12		0.00	315,450.12	5,319,549.88
2	8/1/24	315,450.12		64,765.52	250,684.60	5,068,865.29
3	11/1/24	315,450.12		61,713.43	253,736.69	4,815,128.60
4	2/1/25	315,450.12		58,624.19	256,825.93	4,558,302.67
5	5/1/25	315,450.12		55,497.34	259,952.78	4,298,349.89
6	8/1/25	315,450.12		52,332.41	263,117.71	4,035,232.19
7	11/1/25	315,450.12		49,128.95	266,321.17	3,768,911.02
8	2/1/26	315,450.12		45,886.49	269,563.63	3,499,347.39
9	5/1/26	315,450.12		42,604.55	272,845.57	3,226,501.82
10	8/1/26	315,450.12		39,282.66	276,167.46	2,950,334.37
11	11/1/26	315,450.12		35,920.32	279,529.80	2,670,804.57
12	2/1/27	315,450.12		32,517.05	282,933.07	2,387,871.50
13	5/1/27	315,450.12		29,072.34	286,377.78	2,101,493.72
14	8/1/27	315,450.12		25,585.69	289,864.43	1,811,629.30
15	11/1/27	315,450.12		22,056.59	293,393.53	1,518,235.77
16	2/1/28	315,450.12		18,484.52	296,965.60	1,221,270.17
17	5/1/28	315,450.12		14,868.96	300,581.16	920,689.01
18	8/1/28	315,450.12		11,209.39	304,240.73	616,448.29
19	11/1/28	315,450.12		7,505.26	307,944.86	308,503.43
20	2/1/29	312,259.46		3,756.03	308,503.43	0.00



Loan Amortization Schedule - 7-Year Term

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